

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House
(317) 232-9855

FISCAL IMPACT STATEMENT

LS 6889

BILL NUMBER: HB 1596

DATE PREPARED: Jan 17, 1999

BILL AMENDED:

SUBJECT: Unemployment matters.

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FUNDS AFFECTED: X GENERAL
X DEDICATED
X FEDERAL

IMPACT: State & Local

Summary of Legislation: This bill has the following provisions:

(A) Allows unemployment insurance records to be disclosed if the individual and the employing unit authorize the disclosure and allows information from unemployment insurance records that is necessary for a lawful investigation to be made available to an agency of the United States or a state agency. It provides that the directors and officers of an employer have personal liability for unemployment taxes owed by the employer;

(B) Provides that a violation of the Unemployment Compensation Article is a class D felony unless otherwise stated;

(C) Provides that in a corporate dissolution, unless the Department of Workforce Development has issued a clearance, the officers and directors of the corporation are personally liable for amounts owed by the corporation to the Department of Workforce Development if the corporation has insufficient assets to pay the amounts owed to the Department;

(D) Requires a corporation seeking reinstatement after an administration dissolution to submit a certificate to the Secretary of State from the Department of Workforce Development stating that all employer contributions owed by the corporation under the workers' compensation statute have been paid.

(E) It provides that licensing bureaus and boards may allow the Department of Workforce Development to have access to the name of each person who has a license or has applied for a license.

(F) It also prohibits a licensing board or bureau from issuing a license to a person who has unpaid contribution liability with the Department of Workforce Development.

Effective Date: July 1, 1999.

Explanation of State Expenditures: Provision (A): This bill may have a minimal impact on the Unemployment Insurance Administration's costs. Any increase could be absorbed in the current budget. Administrative costs are paid out of the Employment and Training Services Administration Fund, which is funded with federal dollars.

Provision (B): A Class D felony is punishable by a prison term ranging from 6 months to 3 years or reduction to Class A misdemeanor depending upon mitigating and aggravating circumstances. The average expenditure to house an adult offender was \$20,500 in FY 97. Individual facility expenditures range from \$11,000 to \$27,000. (This does not include the cost of new construction.) If offenders can be housed in existing facilities with no additional staff, the average cost for medical care, food, and clothing is approximately \$1,825 annually or \$5 daily per prisoner. The average length of stay in DOC facilities for all Class D felony offenders is approximately seven months.

Provision (E): This provision may have some administrative cost for the Health Professions Bureau because it allows the Bureau to provide the Department of Workforce Development (DWD) with access to the names of each person who is licensed by the Bureau or has applied to the Bureau for a license. Under existing statute, only the Department of State Revenue has such access. Any cost to expand access to DWD can be absorbed by the Bureau's current budget. Through its various boards, the Bureau issues licenses for the following professions: chiropractors, dentists, dental hygienists, health facilities administrators, physicians, surgeons, and osteopaths, nurses, optometrists, pharmacists and pharmacies, podiatrists, respiratory care specialists, environmental health specialists, speech pathologists and audiologists, psychologists, veterinarians, hearing aid dealers, physical therapists, occupational therapists, social workers, marriage and family therapists, mental health counselors, physician assistants, athletic trainers, dieticians, and hypnotists.

Explanation of State Revenues: Provision (B): If additional court cases occur and fines are collected, revenue to both the Common School Fund and the state General Fund could increase. The maximum fine for a Class D felony is \$10,000. Criminal fines are deposited in the Common School Fund. If the case is filed in a circuit, superior, county or municipal court (courts of record), 70% of the \$120 court fee that is assessed and collected when a guilty verdict is entered would be deposited in the state General Fund. If the case is filed in a city or town court, 55% of the fee would be deposited in the state General Fund.

Provision (C): Under current law, officers and directors of dissolved corporations are held liable for one year only for outstanding obligations to DWD. This bill would remove the one year time limit, allowing DWD to collect arrears indefinitely. It would therefore reduce revenue losses due to corporate dissolution. This should translate into higher fund balances for the Unemployment Insurance Benefit Fund and the Special Employment and Training Services Fund.

Provision (D): Passage of this bill could increase state revenue if corporations, in order to become reinstated, are required to pay the DWD all employer contributions that the corporation did not pay before dissolution. Currently, in order to become reinstated, corporations are required to acquire certification from the Department of Revenue that outstanding liabilities in the form of taxes have been paid. As of December 31, 1998, employers statewide owe \$30,761,750 in unpaid unemployment taxes. Currently, DWD has 23,000 active collection accounts. It is estimated that 40% of the 23,000 accounts represent companies which are no longer in existence. In CY 1998, DWD collected \$1,250,349 in unpaid unemployment taxes from employers.

Provision (F): This provision will decrease revenue from licensing fees. Fee revenue for some licenses is distributed to specific dedicated funds, however, most license fee revenue is deposited in the General Fund. Revenue will decrease due to the bill's prohibition on the issuance of licenses to individuals who owe unpaid employer contributions to the DWD. The amount of revenue loss will depend on the number of such individuals, the type of license for which they apply and the amount of the license fee.

Explanation of Local Expenditures: Provision (B): If more defendants are detained in county jails prior

to their court hearings, local expenditures for jail operations may increase. The average cost per day is approximately \$44.

Explanation of Local Revenues: Provision (B): If additional court actions occur and a guilty verdict is entered, local governments would receive revenue from the following sources: (1) The county general fund would receive 27% of the \$120 court fee that is assessed in a court of record. Cities and towns maintaining a law enforcement agency that prosecutes at least 50% of its ordinance violations in a court of record may receive 3% of court fees. If the case is filed in a city or town court, 20% of the court fee would be deposited in the county general fund and 25% would be deposited in the city or town general fund. (2) A \$3 fee would be assessed, and if collected, would be deposited into the county law enforcement continuing education fund. (3) A \$2 jury fee is assessed, and if collected, would be deposited into the county user fee fund to supplement the compensation of jury members.

State Agencies Affected: Unemployment Insurance Administration; Department of Correction; Department of Workforce Development; Office of the Secretary of State; Health Professions Bureau.

Local Agencies Affected: Trial courts; local law enforcement agencies.

Information Sources: Indiana Sheriffs Association; Department of Correction; Pat Murphy and Beth White, Department of Workforce Development; Office of the Secretary of State; Jerry Payne, AFL-CIO, (317) 632-9147.